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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/78
2 February 1959

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events

16 - 29 January 1959*

Ceylon and the USSR signed a contract on 24 January under which the USSR will design Ceylon's first steel mill. The mill, which is expected to produce 35,000 to 50,000 metric tons of rolled metal annually, probably will cost about \$10 million. Contracts also have been signed recently for the design of a dam, a hydroelectric power station, and other irrigation facilities in northern Ceylon.

The Thai government announced on 17 January a complete ban on the importation of Chinese Communist goods. Dealers have been ordered to report their inventories and their storage places within 15 days, and after 17 February, all dealings in Chinese Communist goods will be forbidden, with stiff fines and imprisonment imposed on violators.

The government of Singapore announced that its ban on imports of certain types of textiles from Communist China would be lifted on 28 January. At the same time, the government of the Federation of Malaya stated that its ban on similar imports would remain in force "pending the introduction of antidumping legislation." The Communist Bank of China will cease operations in the Federation on 26 April in compliance with the Federation's new banking legislation, which requires banks owned by foreign governments to cease operations.

On 18 January the USSR concluded a contract with the United Arab Republic providing for the construction of shipyard facilities at Alexandria, one of the priority projects in Egypt's 5-year industrialization program. Although not specifically listed in the \$175-million credit agreement of 29 January 1958, this project is reported to be scheduled for inclusion under the terms of the agreement.

* An unclassified statistical supplement summarizing the economic activities of the Bloc in underdeveloped countries of the Free World as of the end of 1958 is included in this issue.

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In spite of reported Soviet dissatisfaction over Nasser's current anti-Communist campaign in the UAR, there is no evidence that the USSR is halting or delaying its deliveries of military and capital equipment to the Syrian and Egyptian sectors of the country. Recent Soviet deliveries to Egypt include three W-type Soviet submarines; one T-43 minesweeper; and a cargo of machinery for oil-prospecting operations, mobile research laboratories, and powerplants. Syria received two T-43 minesweepers.

On 14 January, Uruguay announced the purchase of 258,000 metric tons of crude oil valued at approximately \$6 million from the USSR. This transaction is the latest in a series of purchases from the USSR which began last June when Uruguay purchased 172,000 metric tons of crude oil.

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